VIETNAM INVESTORS SERVICE

In collaboration with

CGIF Credit Guarantee & Investment Facility
An Asian Bond Markets Initiative

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Vietnam Bonds & Credit Conference 2025

Financing the Future: Scaling Bond Market Innovation to Power Vietnam's Infrastructure Growth

Vietnam's infrastructure ambitions—estimated at USD 245 billion through 2030—depend on unlocking long-term private capital. With public funding falling short and bank lending constrained, the corporate bond market is emerging as a critical financing channel. Recent regulatory reforms, along with stronger disclosure, credit ratings, and guarantees, are laying the groundwork for deeper investor participation. To close the infrastructure gap, Vietnam must scale market innovation and build investor confidence in bonds as a viable, long-term funding tool.

Vietnam's infrastructure ambitions hinge on mobilizing private capital through the corporate bond market. Between 2025 and 2030, the country will need an estimated USD 245 billion for expressways, high-speed rail, and power projects—yet public funding can only cover 70% (Exhibit 1). Private investment has already become a key driver, accounting for over half of registered fixed asset investment (Exhibit 2).

As bank lending tightens (Exhibit 3)—due to regulatory limits on using short-term deposits for long-term loans—the role of the bond market becomes even more critical. Bank credit to toll road projects, for instance, has declined by 6% annually since 2020 (Exhibit 4). To close the infrastructure financing gap, Vietnam must deepen its corporate bond market and attract long-term private capital.

Vietnam's bond market is gaining traction as a key channel for infrastructure financing. Recent regulatory reforms are paving the way for project companies to issue bonds more flexibly—such as through private placements without historical financials under the amended PPP Law. The state is also stepping in with higher equity contributions to ease debt burdens and improve credit quality.

A forthcoming decree is expected to further unlock the market by allowing public offerings and immediate listings of infrastructure bonds. While issuance conditions will be eased, post-issuance controls—such as trustee oversight, escrow accounts, and regulated disbursements—will tighten, creating a more robust legal framework (Exhibit 5).

Meanwhile, new requirements on disclosure, issuance standards, and mandatory credit ratings are boosting transparency and investor confidence. Together, these reforms position corporate bonds as a more viable, long-term funding tool for Vietnam's infrastructure ambitions.

Credit guarantees and credit ratings are crucial tools for unlocking private capital for infrastructure development. Infrastructure projects often carry weaker credit profiles due to high leverage, single revenue streams, and exposure to construction risks. Limited track records and restricted access to project agreements further complicate investor assessments. Long tenors—often 15 to 20 years—also heighten liquidity risk.

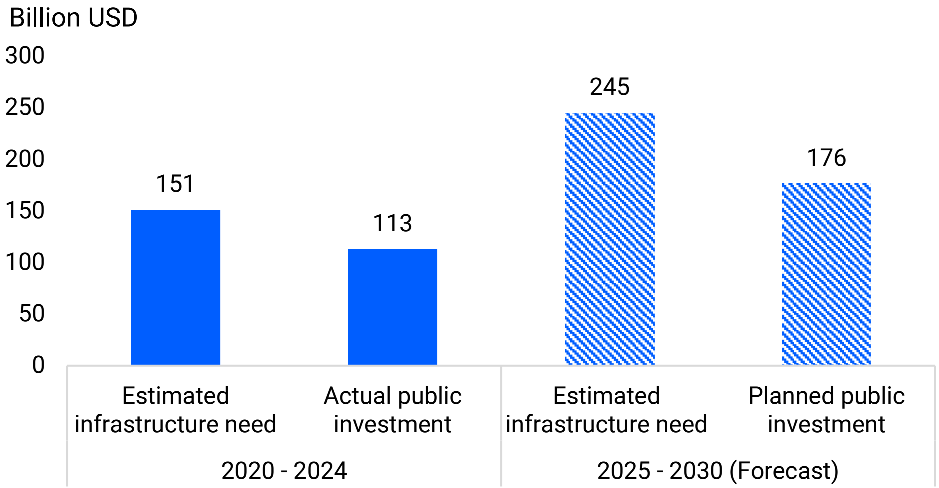
Credit guarantees provide support to project bond issuers, thereby enhancing credit quality and reducing bondholders' exposure to project-related risks. CGIF's regional portfolio, including several infrastructure projects in Vietnam, demonstrates how credit guarantees can support project owners in broadening their investor base and facilitating access to capital markets (Exhibits 9–11).

Credit ratings help bridge information gaps on complex projects and project bonds by providing independent assessments of creditworthiness and tracking project progress (Exhibit 6). They also evaluate guarantees, collateral, and tranche structures—setting clearer benchmarks for risk pricing and improving bond market liquidity (Exhibits 7, 8).

Together, guarantees and ratings are essential tools for scaling infrastructure bond issuance and attracting long-term private capital.

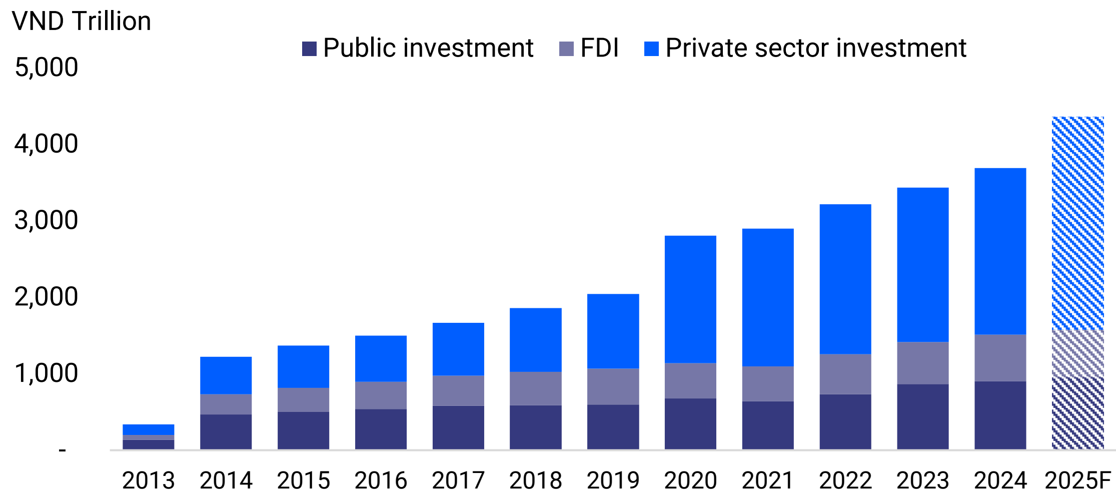
Vietnam will need to mobilize private capital via the corporate bond market to bridge the gaps for its ambitious infrastructure investment plan

Exhibit 1: Public capital, based on the 2021–2030 budget plan, can only meet 70% of infrastructure investment demand



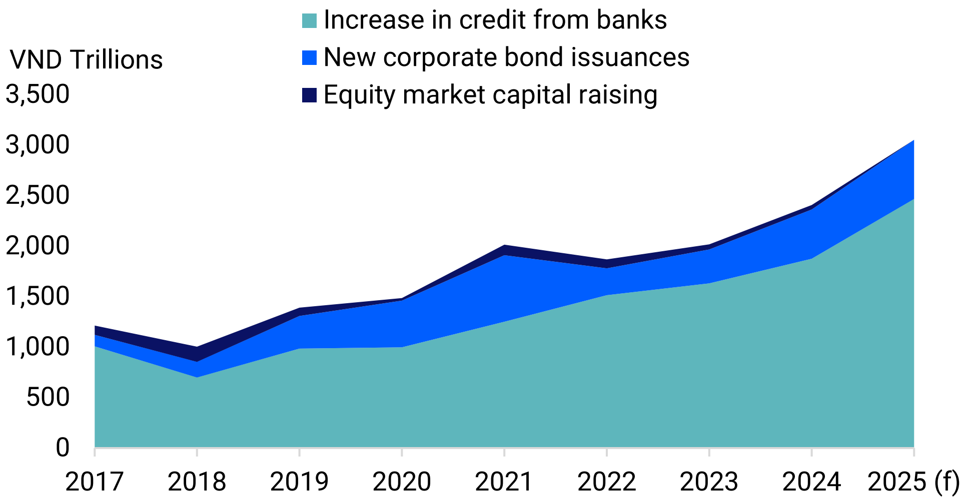
Source: World Bank, Global Infrastructure Outlook, VIS Rating estimates

Exhibit 2: The private sector is playing an increasingly important role in meeting the growing demand for capital investment.



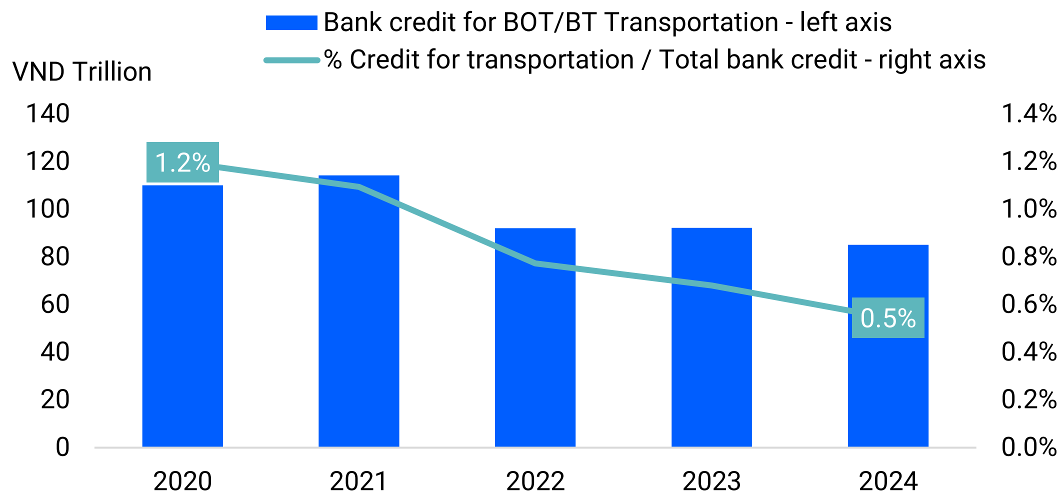
Source: Ministry of Finance, National Statistics Office

Exhibit 3: Bank credit remains the dominant funding source for private sector



Source: State Bank of Vietnam, State Securities Commission, VIS Rating

Exhibit 4: However, long-term infrastructure bank lending has declined due to stricter regulations on the use of short-term deposits for long-term loans.



Source: State Bank of Vietnam, VIS Rating

With recent regulatory reforms, Vietnam's corporate bond market is getting on track to finance infrastructure projects at scale

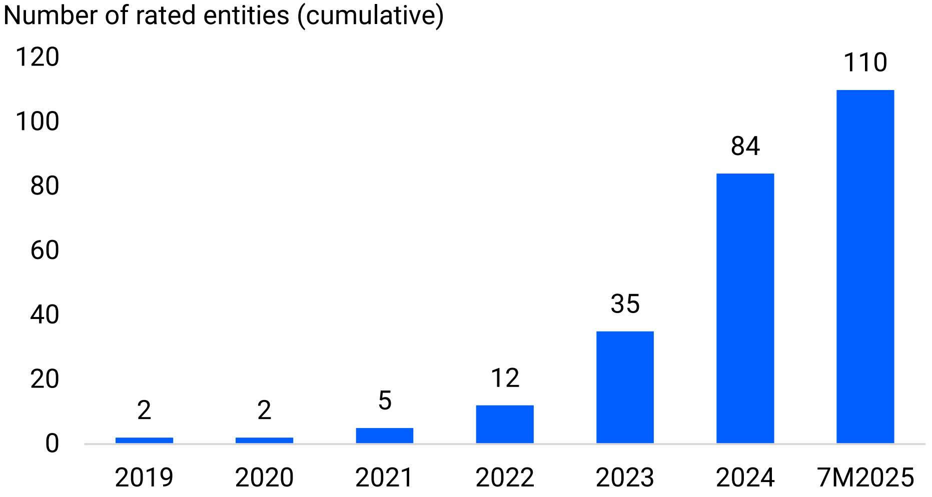
Exhibit 5: Key concerns of infrastructure bonds and potential solutions from the drafted Decree on infrastructure bonds

Characteristics	Key challenges	Proposals and expectations from the upcoming Decree
Issuance channel	Limited to private placements under the PPP Law	Permit both private placements and public offerings
Issuer track record	PPP project companies lack operational and financial history to qualify for the current issuance requirements	Exempt requirements for historical financial and track records
Infrastructure bond for refinancing purposes	Banks and insurance companies cannot invest	Expand eligible investors under certain conditions
Financing cost	Full bond proceeds received upfront, but slow disbursement aligned with the long project construction schedule leads to high idle capital cost	Apply a re-opening mechanism, allowing PPP companies to issue bonds multiple times that align with the construction schedule to utilize financing costs
Repayment capacity	Reliant on single-project cash flow	Implement post-issuance controls: custodian banks, designated fund accounts, disbursement rules, and utilization reporting
Liquidity	Long tenors (>10 years) increase liquidity risk	- Requirement of immediate listing after issuance - Reduce secondary market trading fees - Allow credit institutions to use infrastructure bonds as underlying assets in open market operations (OMO)
Credit rating requirement	PPP companies typically have weaker credit ratings than the requirements of institutional investors	Encourage credit enhancements for infrastructure bonds, such as payment guarantee from highly rated guarantors

Source: VIS Rating, Vietnam Bond Market Association

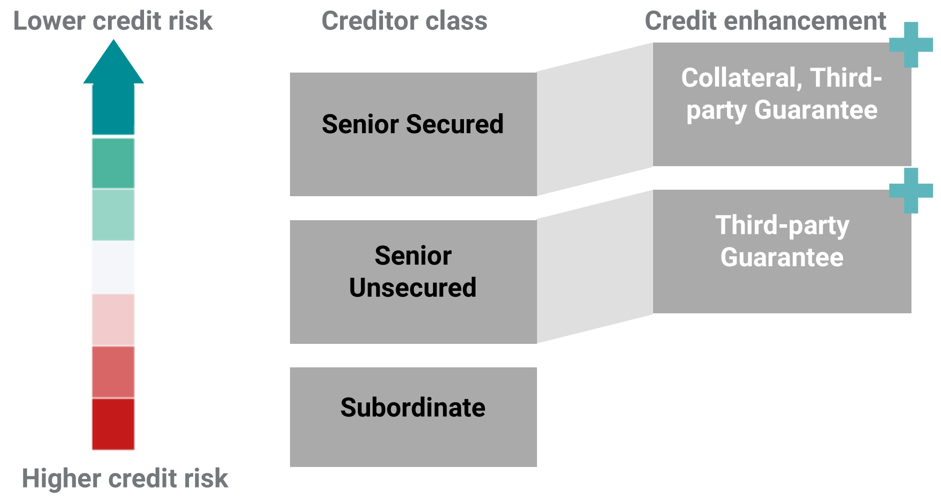
Credit ratings play a pivotal role in bridging private capital to infrastructure projects and reinforcing infrastructure bonds as a long-term instrument

Exhibit 6: The increasing adoption of credit ratings will help to bridge the information gap for investors



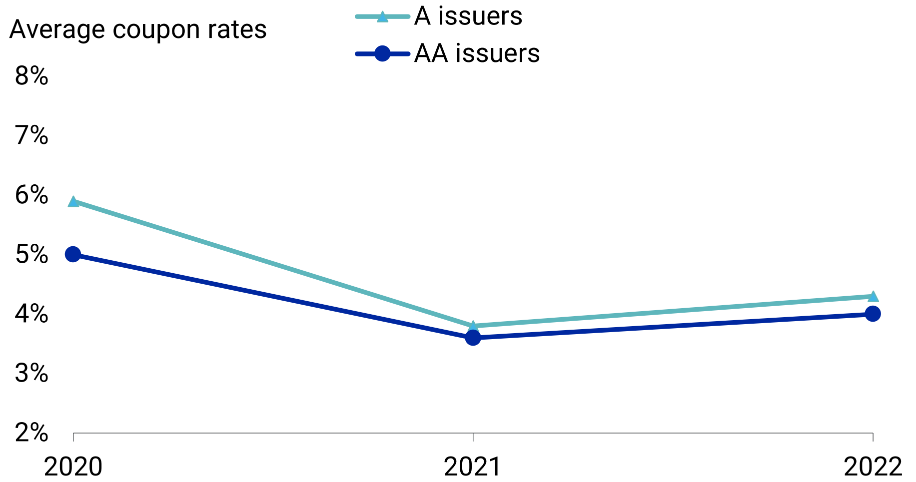
Source: VIS Rating

Exhibit 7: Bond ratings offer additional detailed analysis of instrument-specific features, such as payment guarantees, collateral, and tranche structures

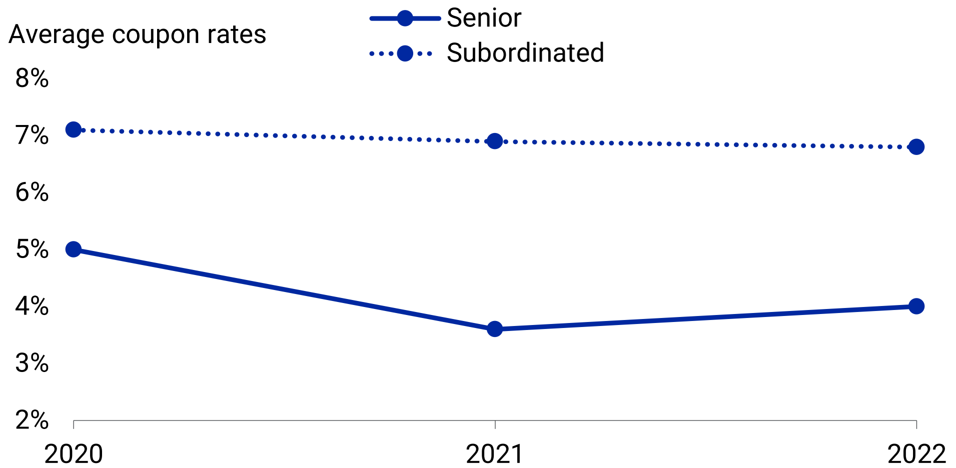


Source: VIS Rating

Exhibit 8: Broader credit rating coverage establishes risk-based pricing benchmarks, supports the pricing of new infrastructure projects and infrastructure bond instruments



Source: VIS Rating



Source: VIS Rating

Special Spotlight on CGIF:

Credit guarantees play a pivotal role in bridging private capital for infrastructure projects and reinforcing infrastructure bonds as a long-term instrument

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CGIF's Guarantee portfolio as of 30 June 2025

Total guaranteed bonds

108 transactions

Equivalent to

USD 4.2 billion

From

65 issuers

In which, infrastructure bonds

33 transactions

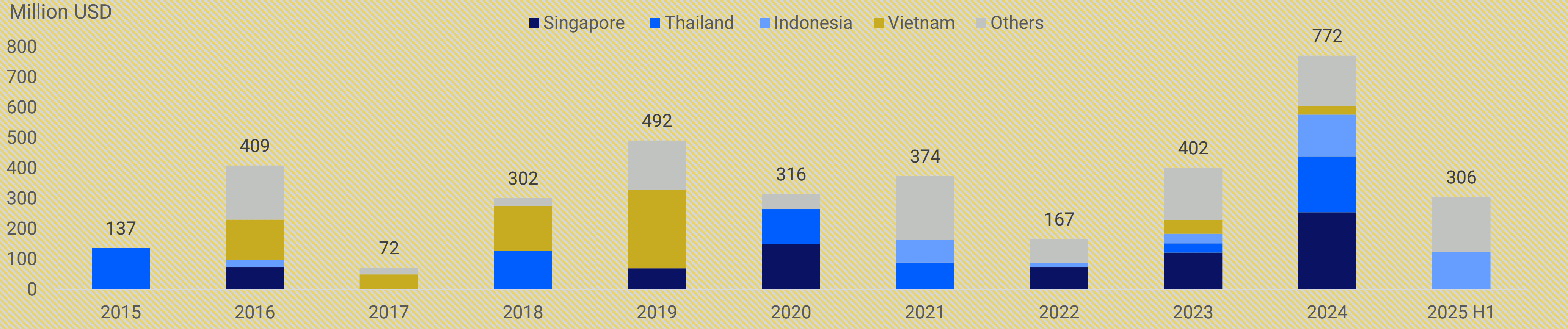
Equivalent to

USD 1.4 billion

Regions

12 / 13 countries in the ASEAN + 3 region

Exhibit 9: CGIF's Guarantee portfolio in Vietnam and other ASEAN+3 countries



Note: Any discrepancies are a result of rounding off.

Source: CGIF

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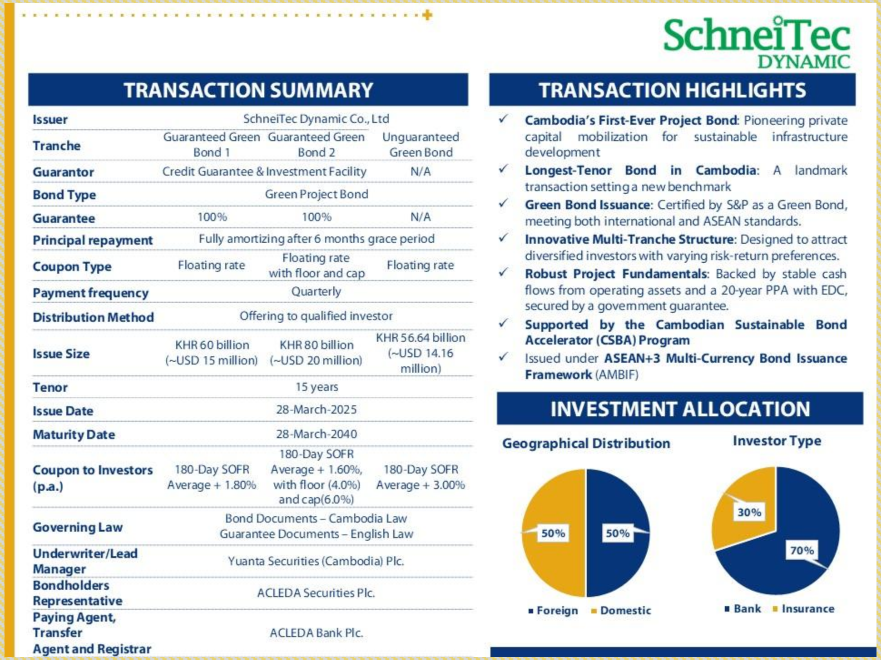
Exhibit 10: CGIF's has provided 33 infrastructure-related bonds in the region, including four in Vietnam. Most recently, CGIF supported Schneitec Dynamic's issuance in March 2025. This is Cambodia's first-ever project bond, highlighting CGIF's developmental role in catalyzing financing for infrastructure projects.


SchneiTec DYNAMIC

TRANSACTION SUMMARY

Issuer	SchneiTec Dynamic Co., Ltd		
Tranche	Guaranteed Green Bond 1	Guaranteed Green Bond 2	Unguaranteed Green Bond
Guarantor	Credit Guarantee & Investment Facility		N/A
Bond Type	Green Project Bond		
Guarantee	100%	100%	N/A
Principal repayment	Fully amortizing after 6 months grace period		
Coupon Type	Floating rate	Floating rate with floor and cap	Floating rate
Payment frequency	Quarterly		
Distribution Method	Offering to qualified investor		
Issue Size	KHR 60 billion (~USD 15 million)	KHR 80 billion (~USD 20 million)	KHR 56.64 billion (~USD 14.16 million)
Tenor	15 years		
Issue Date	28-March-2025		
Maturity Date	28-March-2040		
Coupon to Investors (p.a.)	180-Day SOFR Average + 1.80%	180-Day SOFR Average + 1.60%, with floor (4.0%) and cap(6.0%)	180-Day SOFR Average + 3.00%
Governing Law	Bond Documents – Cambodia Law Guarantee Documents – English Law		
Underwriter/Lead Manager	Yuanta Securities (Cambodia) Plc.		
Bondholders Representative	ACLEDA Securities Plc.		
Paying Agent, Transfer Agent and Registrar	ACLEDA Bank Plc.		

TRANSACTION HIGHLIGHTS

- ✓ **Cambodia's First-Ever Project Bond**: Pioneering private capital mobilization for sustainable infrastructure development
- ✓ **Longest-Tenor Bond in Cambodia**: A landmark transaction setting a new benchmark
- ✓ **Green Bond Issuance**: Certified by S&P as a Green Bond, meeting both international and ASEAN standards.
- ✓ **Innovative Multi-Tranche Structure**: Designed to attract diversified investors with varying risk-return preferences.
- ✓ **Robust Project Fundamentals**: Backed by stable cash flows from operating assets and a 20-year PPA with EDC, secured by a government guarantee.
- ✓ **Supported by the Cambodian Sustainable Bond Accelerator (CSBA) Program**
- ✓ Issued under **ASEAN+3 Multi-Currency Bond Issuance Framework** (AMBIF)

INVESTMENT ALLOCATION

Source: CGIF

Exhibit 11: CGIF plays a pivotal role in alleviating challenges for investments in infrastructure bonds.

CGIF's Role in Developing ASEAN Project Bonds

CGIF as a project finance intermediary

Investors can become familiar with project bonds and build internal capacity.

CGIF as a highly rated guarantor

CGIF is AA international rated by S&P.
CGIF's guarantee can positively impact domestic credit ratings.

Advantages of a CGIF guarantee

- Access to a new funding avenue in capital markets
- Broadening of investor base
- Extension of debt tenors
- Fixed-rate financing in local currency
- Increased visibility in debt capital markets
- Preservation of existing credit limits

Source: CGIF

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